

# Proposed Sewer Borrowing Authorization

Hampden Town Council  
Finance & Administration Committee  
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# Proposed Sewer Borrowing Ordinance

- Draft borrowing ordinance, if approved by Council at a March 5 Public Hearing, would lead to voter referendum on proposed borrowing authorization on June 12<sup>th</sup>
- Draft ordinance includes costs for four (4) distinct sewer projects
- Project needs driven by MDOT construction, poor condition of aging infrastructure, and goal of reducing inflow & infiltration (I/I)





# CCTV Method

- Robotic pipeline CCTV inspections, footage
- Vendor applies a system for “Criticality and Risk Assessment of Collection Systems”
  - Condition Assessment uses a standardized Pipeline Assessment Certification Program to determine condition and LoF (likelihood of failure)
  - Risk Assessment determines CoF (consequence of failure)
- Results merged into Total Risk Grade



# CCTV Review

- Cost estimate for closed-circuit TV (CCTV) review of entire system estimated at \$300k
- Approved FY18 Sewer Budget included \$60k in funding for CCTV – about 1/5 of system
- Locations scheduled for MDOT projects were prioritized
- Bid process and award to Ted Berry Company in March 2017; work began FY18
- Began receiving raw data fall 2017 (ongoing)
- Results of W&C analysis received Jan. 2018

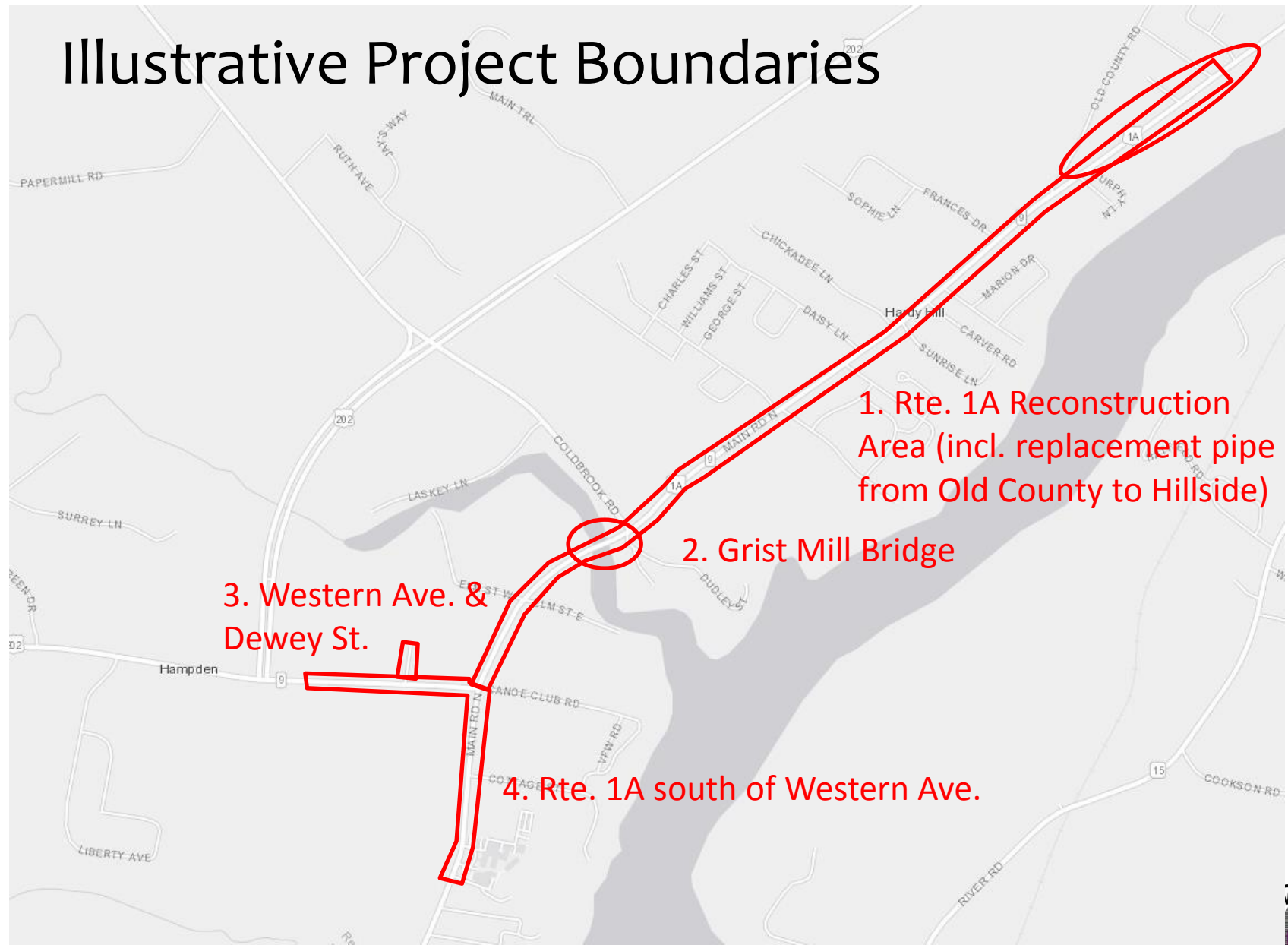


# Sewer Projects

1. Rte. 1A – Reconstruction Project Area
  - Replace/rehab manholes, non-PVC pipe; replace all Asbestos Cement (AC) mains
2. Grist Mill Bridge
  - Replacement of gravity and force mains
3. Western Ave. – Main Road North to 202
  - Replace gravity main, laterals & associated manholes, incl. Dewey St.
4. Rte. 1A – south of Western Ave. intersection
  - Replace main & associated manholes



# Illustrative Project Boundaries



# Rte. 1A – Reconstruction Project Area

- Located within MDOT project reconstructing 1.73 miles of highway – construction ant. 2019
- Voters authorized borrowing \$600,000 to cover required 10% local match (est. \$537k). These funds have not yet been borrowed.
- In August 2017, MDOT notified Town of potential conflicts between new road and existing sewer infrastructure
- Work scope: Replace manholes and AC sewer main from Old County to Hillside; raise manholes to elevation of new road





# Grist Mill Bridge

- MDOT project reconstructing bridge – construction anticipated to begin 2019
- Bridge includes both gravity and force mains
- Costs partly driven by need for bypass pumping while bridge is under construction – can be \$20k/month



# Western Ave. – Main Road North to 202

- Located within area of two MDOT projects:
  - Paving (Mill & Fill), scheduled in 2020
  - Full reconstruction (BACTS), proposed for 2022
- Sewer currently in poor condition: vitrified clay pipe, and brick manholes
- Identified as Project 5 on 2008 sewer plan
- Recommend replacing gravity main & laterals
- If done concurrent with BACTS project, will reduce paving costs – but add local cost sharing



# Rte. 1A south of Western Ave.

- Part of Priority Area #4 in 2008 plan
- Clay pipe, brick manholes; lots of structural issues. Approx. 1,400 LF.
- Recommending full replacement
- Pavement and sidewalk restoration will be needed due to location of sewer
- Not recommended to be concurrent with Route 1A reconstruction



# Estimated Project Costs

Project	Est. Cost	Date of Estimate
Rte. 1A Reconstruction	\$924,000	February 16, 2018 (#)
Grist Mill Bridge	\$435,400	January 5, 2017
Western Ave. & Dewey St.	\$754,000	January 26, 2018
Rte. 1A south of Western	\$635,000	January 26, 2018
<b>TOTAL:</b>	<b>\$2,748,400</b>	

- Cost estimates include contingency, engineering, and construction administration services
- Cost estimates are intended to be conservative
- (#) increased based on new info received today



# Preliminary Estimate of Debt Service

- Assuming a 20-year term, and assuming the full amount was borrowed at one time, debt service is estimated at varying interest rates:
  - 3.00% interest = \$184,000 (total interest \$927k)
  - 3.75% interest = \$197,000 (total interest \$1.18M)
  - 4.25% interest = \$210,000 (total interest \$1.45M)
  - 5.00% interest = \$219,000 (total interest \$1.63M)



## Potential Funding Sources: Pre-Borrowing

- Proceeds from existing debt authorization (up to \$53,000)
- FY18 Sewer Revenue: would require Budget Adjustment to authorize expenditure from projected FY18 surplus (\$73,500)
- FY19 Sewer Debt Service will decrease by about \$101,000 from FY18 (due to payoff of 1996 Sewer SRF, matured 10/1/17) – so, \$101,000 of debt service could be added in FY19 without increasing Sewer Budget



# Potential Funding Sources: Debt Service

- Could increase sewer rates
- Could revisit prior (pre-2000's) policy of splitting sewer debt service 1/3 General Fund and 2/3 Sewer Fund
- Could reduce amount of repayment of interfund transfers from General Fund (budgeted at \$100,000 in FY17 and FY18)
- Could reduce or eliminate annual payment of \$60,000 from Sewer to General Fund
- Future Coldbrook Corners TIF revenues



# Potential Borrowing Sources

- Maine Municipal Bond Bank (MMBB)
  - Other than recent borrowing for overdue bills and Bangor cost-share, all prior sewer borrowing had been through MMBB
  - Borrowing term of 5 to 30 years
  - Interest rate not known; will vary based on market conditions at time of borrowing
  - Applications will be due early August 2018
  - Proceeds available early November 2018





# Potential Borrowing Sources

- State Revolving Loan Fund (SRF)
  - Sewer projects eligible for Clean Water Program
  - Borrowing term of 1 to 30 years
  - Interest rate 2% lower than MMBB's cost of funds, with minimum interest rate of 1%
  - Potential for limited loan principal forgiveness (depending on Federal appropriation)
  - New eligibility requirements (incl. to develop and implement a Fiscal Sustainability Plan)
  - Initial project request forms due March 30



# Options for Ballot Question(s)

- Could delay Route 1A south of Western – it's not part of an MDOT project – but this infrastructure is among the worst system-wide, and is in a critical location
- Could split into 2 questions – one for the Route 1A south and one for the others



# Next Steps

- Upon Council referral of Ordinance, public hearing on Monday, March 5<sup>th</sup>
- Woodard & Curran will continue to work on refining budget estimates – but proposed borrowing would not exceed amount in draft Ordinance proposed for hearing
- If Ordinance adopted, would go to voters on June 12<sup>th</sup> – to include Treasurer's Statement
- **Extensive public outreach will be needed**

